



# Green Horizon Summit

## The Pivotal Role of Finance

**William Russell, Lord Mayor of the City of London**

Ladies and gentlemen, welcome to the Green Horizon Summit. These are sobering circumstances in which we find ourselves here in London and around the world. While the effects of the COVID-19 pandemic continue to unfold, and shape our immediate future, we remain united in determination to meet this challenge. It is testament to our commitment and adaptability, that so many of you are able to join us today, when COP26 was originally scheduled. Together, we represent over 90 countries and countless aspirations. Although tempting to focus on the short term, today, we must turn to our long term future and prosperity. For the battle for the future will not just be with COVID-19, but with the impacts of climate change.

Five years ago, Mark Carney laid down a challenge to the financial services industry. He described climate change as the tragedy of the horizon, with physical and transition risk manifesting beyond the planning horizons of financial institutions, the business cycle and the political cycle. Mark challenged us all to break the tragedy over the horizon by aligning the data and information flows at the heart of finance with climate related risks. In the five years since much has changed. The Paris Agreement has given us political consensus and a long term target, limiting warming to one and a half degrees. The IPCC has given us scientific consensus and a trajectory. A Paris aligned future means achieving net zero by 2050. National governments are giving us measurable goals; according to Bloomberg about 60% of global co2 emissions, and now covered by a net zero commitment. And I look forward to a time early next year when this reaches 75%, as the US rejoins the Paris Agreement, and President Elect Joe Biden advances his climate and recovery plans. Financial regulators have also given us clear expectations. Climate risks are

financially material, and must be managed by financial institutions. And the TCFD, the NGFS and others have given us the tools to respond. Climate related financial risks must be disclosed, scenario analysis can tackle the uncertainty. We are now in a world where you're as likely to hear climate risk and response discussed in boardrooms as you are to debate strategy and profit. For now, we understand they are inextricably linked. The science tells us that if we do not act now, climate tipping points threaten to rapidly and irreversibly alter our planetary ecosystem.

Today, we stand at a tipping point for finance, the point at which we can trigger an everlasting cycle of innovation and investment for net zero. Although finance is beginning to power towards a net zero, and climate resilient future, we are not yet firing on all cylinders, and not in all markets. We have yet to reach a future in which every financial decision takes climate change into account. A future in which national and corporate transition plans are clear and capitalised, or a future in which green finance is simply called finance. Our window to act is finite and closing quickly. Each and every one of us understands this. Institutions like our sponsors Barclays and NinetyOne are already acting fast to capture the opportunities aligned with the transition. As we know one of the greatest global economic transformations looms before us. Every sector of the economy must evolve from construction to manufacturing, transport, food and clothing, services and power.

As we all know, this requires a transformation in every country, from developed markets, to emerging economies, to unrated and frontier nations, all within a few short decades. This transformation cannot be a success if we do not work together across the public and private sectors, across the financial and real economy, across all 90 countries here today. We need a sophisticated dialogue that captures all of policy and regulation, capital markets and the changing demands of investors from retail savers to global asset managers. We know this is essential to raise and move the capital we need. That is why the

City of London, together with the Green Finance Institute, and with the support of the World Economic Forum, are hosting today's Green Summit live from Mansion House. Over the next three days, we will hear from political leaders, major financial institutions, leading regulators and corporates, all at the coalface of this transition. Their views are clear. We have the tools and capabilities to tackle this transition, but we must act now. So today I would encourage you ahead of COP26 in Glasgow, to listen, to engage, and most importantly to consider what we can do together in the coming twelve months.

Now this morning we are in for a treat. In quick succession, we will hear Mark Carney, Christine Lagarde, Kristalina Georgieva and Paolo Gentiloni, all sharing their views on what we need to do to drive towards a green recovery. We will then hear from the private sector, with John Green from NinetyOne and a panel with Jess Daily, Liv Garfield, David Schwimmer and Angela Darlington, on how finance can mobilise to support the recovery. Finally, we will hear from the Governor of the Bank of England, Andrew Bailey, and FCA Chief, Nikhil Rathi, for their take on managing climate risk in a time of radical uncertainty.